

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 L-03 SS-15 CIAE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 NSC-05 EB-07 COME-00 INT-05

TRSE-00 OPIC-03 AID-05 /071 W  
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P 082015Z AUG 75

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 8502

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EO 11652: N/A

TAGS: EMIN, EINV, PFOR, JM, US

SUBJECT: KAISER NEGOTIATIONS WITH GOJ

1. KAISER LAWYERS JOHN A. MOORE AND J. RODERICK HELLER  
CALLED AT EMBASSY AUGUST 7 AND PROVIDED ME WITH FOLLOWING  
RUNDOWN ON NEGOTIATIONS WITH GOJ.

2. "FLESHING OUT" HEADS OF AGREEMENT - THEY FEEL  
THEY HAVE A GOOD, SOLID, PROFESSIONAL RELATIONSHIP WITH  
FORMER AMBASSADOR FLETCHER, WHO HAS BEEN CHARGED BY GOJ  
WITH RESPONSIBILITY FOR WORKING OUT FINAL AGREEMENT.  
KAISER PROVIDED FLETCHER WITH DRAFT ELABORATION OF HEADS  
IN APRIL (E G SECTIONS ON TAXATION, PARTNERSHIP, MINING  
LEASE, ETC). AND HAS HAD THREE MEETINGS WITH HIM SINCE  
JUNE. KAISER NEGOTIATING TEAM WILL RETURN TO JAMAICA  
SEPTEMBER 2 TO BEGIN DETAILED NEGOTIATIONS AND ARE  
CONFIDENT THEY CAN "CLEAR AWAY COMPLEXITIES" BY OCTOBER 15.  
HOW SOON THEREAFTER A FINAL SIGNING WILL TAKE PLACE  
WILL BE DEPENDENT ON THE LOCAL REQUIREMENTS FOR  
IMPLEMENTING LEGISLATION AND/OR REGULATORY ACTION

3. KAISER'S MAJOR CONCERNS- MOORE CLAIMED THEY ARE  
EXOGENOUS TO THE "FLESHING OUT" NEGOTIATIONS AND ARE  
TWO FOLD:

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A. ALPART - KAISER WANTED TO OPEN NEGOTIATIONS IN JULY BUT WAS TOLD TO WAIT UNTIL AT LEAST SEPTEMBER, WHEN ALL THE KEY GOJ FIGURES WOULD BE BACK FROM LEAVE. KAISER DOES NOT RELISH THE PROSPECT OF A THREE ON ONE NEGOTIATION, WHERE IT WILL HAVE TO BE SIMULTANEOUSLY RESOLVING DIFFERENCES WITH ITS PARTNERS, AND THE GOJ. THE LAWYERS FORESEE A DIFFICULT AND COMPLICATED NEGOTIATION DUE TO THE FACT THAT ALPART'S BAUXITE LANDS ARE MORTGAGED

B. STATE OF JAMAICA'S ECONOMY - KAISER VIEWS WITH SERIOUS CONCERN JAMAICA'S UNCHECKED INFLATION, FALLING FX RESERVES, AND THE GOJ'S GROWING BUDGETARY DEFICIT, AS THE DETERIORATION OF THE ECONOMY MAY LEAD TO NEW GOJ DEMANDS ON THE BAUXITE INDUSTRY. MOORE MENTIONED THAT KAISER WAS FINDING IT INCREASINGLY DIFFICULT TO OBTAIN ECONOMIC INFORMATION FROM THE LOCAL MINISTRIES. I OBSERVED THAT WE WERE ENCOUNTERING THE SAME DIFFICULTIES, PARTICULARLY IN OBTAINING FAIRLY CURRENT STATISTICAL INFORMATION. I MENTIONED THAT IN CONNECTION WITH THE ANNOUNCEMENT SCHEDULED FOR LATER THIS MONTH OF MANLEY'S ANTI-INFLATION PACKAGE, THE EMBASSY WOULD BE UPDATING ITS ANALYSIS OF THE LOCAL ECONOMY AND WOULD BE PLEASED TO MAKE AVAILABLE OUR FINDINGS TO KAISER, AS WE SHARED THEIR CONCERN OVER THE STATE OF THE ECONOMY AND WHAT IT MIGHT MEAN FOR THE BAUXITE INDUSTRY.

4. ICSID ARBITRATION- THE LAWYERS SAID THAT FLETCHER WAS BOTHERED GREATLY BY THE SPECTRE OF THE ICSID PROCEEDINGS, BUT THAT THEY HAD BEEN CLOSEMOUTHED ON THE SUBJECT WITH HIM BECAUSE OF THEIR SOMEWHAT ANOMALOUS POSITION. HELLER EXPLAINED THAT UNDER THE CURRENT TIMETABLE, KAISER HAD TO FILE ITS MEMORIALS WITH ICSID BY OCTOBER 12, BUT THEY HAVE ASKED ICSID FOR A FILING EXTENSION UNTIL JANUARY 12 IN HOPES THAT A FINAL AGREEMENT CAN BE CONCLUDED BY THAT DATE. THEY ARE CONFIDENT THEY WILL RECEIVE IT AND WOULD REQUEST FURTHER EXTENSION BEYOND JANUARY 12 IF NEEDED. IN THEIR REQUEST TO ICSID, KAISER NOTED THAT THE HEADS OF AGREEMENT HAVE BEEN ACHIEVED, AND THEY ARE CURRENTLY NEGOTIATING IN GOOD FAITH WITH THE GOJ. ICSID HAS ACKNOWLEDGED LIMITED OFFICIAL USE

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THE REQUEST BUT HAS NOT YET GIVEN ITS REPLY. I INFORMED HIM THAT I HAD JUST RECEIVED INSTRUCTIONS TO NOTIFY THE PRIME MINISTER THAT THE RURAL EDUCATION LOAN HAD BEEN APPROVED AND IN SO DOING, EMPHASIZE TO THE PRIME MINISTER THE GREAT IMPORTANCE THE USG ATTACHES TO THE ICSID PROCEEDINGS AND TO THE INTEGRITY OF THE CONVENTION. MOORE COMMENTED THAT, AS WE UNDOUBLEDLY KNEW, KAISER SUPPORTED THE GRANTING OF THE RURAL EDUCATION LOAN AND HOPED THE

GOJ WOULD NOT CONSIDER THE IMPLIED LINKAGE BETWEEN THE  
LOAN AND THE ICSID PROCEEDINGS AS BEING A FORM OF BLACKMAIL.  
I ASSURED HIM THAT WE WERE MOST SENSITIVE TO THIS POINT  
AND WOULD EMPHASIZE TO THE PRIME MINISTER THE BAUXITE COMPANIES'  
DESIRE FOR A SPEEDY CONCLUSION OF MUTUAL SATISFACTORY  
AGREEMENTS. GERARD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BAUXITE, ALUMINUM, AGREEMENTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975KINGST03072  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750275-1281  
**From:** KINGSTON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750870/aaaacjyv.tel  
**Line Count:** 121  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 SEP 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 SEP 2003 by KelleyW0>; APPROVED <05 NOV 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** KAISER NEGOTIATIONS WITH GOJ  
**TAGS:** EMIN, EINV, PFOR, JM, US, KAISER, ICSID, (MOORE, JOHN A), (HELLER, J RODERICK)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006